

Recommendation		SUBSCRIBE	
Price Band		Rs.310 to Rs. 326	
Bidding Date		06 th Oct - 08 th Oct	
Book Running Lead Manager		Kotak Mahindra cap, Axis cap, BNP Paribas, Citigroup Global Markets, HDFC Bank.	
Registrar		MUFG Intime India Private Limited	
Sector		NBFC	
Minimum Retail Application- Detail At Cut off Price			
Number of Shares		46	
Minimum Application Money		Rs. 14,996	
Payment Mode		ASBA	
Financials (Rs Cr)		FY24	FY25
Total Income		8,630	13,340
PBP		5,006	7,725
PAT		3,339	3,658
Valuations (FY25)		Upper Band	
Market Cap (Rs Cr)		1,38,383	
Adj EPS		8.6	
P/BV		3.7x	
ROA (%)		2.1%	
Post Issue Shareholding Pattern			
Promoters		85.4%	
Public/Other		14.6%	
Offer structure for different categories			
QIB		49.9%	
Non-Institutional		15%	
Retail		35.2%	
Post Issue Equity (cr)		4244.9	
Issue Size (Rs in cr)		15,512	
Face Value (Rs)		10	

Vrushali Puniwala
Research Associate
(+91 22 6273 8021)
vrushali.puniwala@nirmalbang.com

BACKGROUND

Tata Capital is the third-largest diversified NBFC in India, with gross loans of Rs. 2,334 billion and a customer base of 7.3 million as of June 30, 2025. It serves individuals, SMEs, and corporates through an omni-channel model with 1,516 branches across 27 states and UTs. Its loan mix comprises Retail (61.3%), SME (26.2%), and Corporate (12.5%) segments, alongside insurance and credit card businesses. Following its merger with Tata Motors Finance in May 2025, Tata Capital strengthened its presence in commercial vehicle, car loan, and supply chain finance segments.

Details of the Issue:

The public issue consists of Offer for Sale of Rs. 8,666 cr and fresh issue of Rs.6,846 cr aggregating up to Rs 15,512 Cr.

Investment Rationale

- Flagship Financial Services Company of the Tata Group
- Third Largest Diversified NBFC in India
- Omni-channel distribution model, comprising their pan-India branch network, partnerships
- Driving Business Outcomes Through Digital and Analytics

Valuation and Recommendation:-

Tata Capital's valuation appears fair when compared with peers such as Bajaj Finance, Shriram Finance, L&T Finance, HDB Financial, and Cholamandalam, which trade at an average P/BV multiple of around 4.1x FY25. While Tata Capital's profitability metrics (ROA/ROE of 1.5%/10.7%) are below the peer average (2.6%/16.6%) due to lower NIMs and the ongoing integration of TMFL, the company benefits from superior asset quality (GNPA/NNPA of 1.9%/0.8% vs. peer average of 3.0%/1.5%) and strong Tata Group parentage. Considering its improving growth visibility and stable credit performance, we believe Tata Capital merits a valuation of 3.8x FY25 P/BV, implying a moderate 10% discount to peers. Backed by its diversified portfolio, prudent risk management, and expected profitability improvement post-merger, we assign a **'Subscribe'** rating with a **long-term positive outlook**.

Financials (Rs. Cr)	FY23	FY24	FY25
Total Income	7037	8630	13340
Growth	-	23%	55%
Pre Prov Profit	4372	5006	7725
Growth	-	15%	54%
PAT	2799	3339	3658
Growth	-	19%	10%
EPS	6.6	7.9	8.6
ROA (Post IPO)	2.9%	2.3%	1.5%
ROE (Post IPO)	20.6%	15.5%	10.7%
P/B (Post IPO)	6.6X	5.2X	3.8X

Source: Company data, NBRR

Company Background

Tata Capital is the flagship financial services company of the Tata group and a wholly-owned subsidiary of Tata Sons Private Limited, the group's holding company and promoter. The Tata group is one of India's most distinguished conglomerates, operating across 10 verticals including automotive, technology, steel, financial services, aerospace & defence, and consumer & retail. The "Tata" brand is recognized as the most valuable brand in India.

Tata Capital is the third-largest diversified NBFC in India, with Total Gross Loans of Rs. 2,334 billion as of June 30, 2025, serving a customer base of 7.3 million. Its clientele includes salaried and self-employed individuals, entrepreneurs, small businesses, SMEs, and corporates. The company follows an omni-channel distribution model integrating a nationwide branch network, strong digital presence, and robust partner ecosystem. As of June 30, 2025, Tata Capital had 1,516 branches across 27 states and UTs.

Business Segments:

- **Retail Finance (61.3% of Total Gross Loans):** Offers a comprehensive suite of loans including home loans, loans against property, personal loans, business loans, two-wheeler and car loans, commercial vehicle loans, construction equipment loans, loans against securities, microfinance, and education loans.
- **SME Finance (26.2%):** Provides supply chain finance, equipment finance, leasing solutions, term loans, and financing solutions for clean-tech, infrastructure, and developers. Targets businesses with turnover ≤ Rs. 2.5 billion.
- **Corporate Finance (12.5%):** Offers term loans, clean-tech and infrastructure finance, and developer finance to businesses with turnover > Rs.2.5 billion.

In addition to lending, Tata Capital has a diversified non-lending portfolio, comprising (i) distribution of third-party products such as insurance and credit cards, (ii) wealth management services for HNIs and retail clients, and (iii) a private equity business. Its management team is supported by a professional board comprising eight directors, including five independent directors.

Merger with TMFL (Tata Motors Finance Limited)

Tata Motors Finance Limited (TMFL) was a leading provider of commercial and passenger vehicle loans in India, operating a network of 353 branches across 27 states and UTs. A wholly-owned subsidiary of TMF Holdings Limited (itself fully owned by Tata Motors Limited), TMFL primarily catered to suppliers, dealers, transporters, fleet operators, and retail customers, including first-time and sub-retail borrowers.

The merger of TMFL with Tata Capital consolidated the group's lending businesses into a larger, unified financial services entity with enhanced geographical reach, stronger capital base, and improved asset strength. Post-merger, TMFL contributed significantly to Tata Capital's loan book 92.5% of Gross Loans in Commercial Vehicle Loans, 16.8% in Car Loans, and 12.8% in Supply Chain Finance thereby strengthening its presence in these segments.

Investment Rationale

Flagship Financial Services Company of the Tata Group

Tata Capital is the flagship financial services arm of the Tata group, one of India's most distinguished conglomerates with a legacy of over 150 years. The Tata group operates across 10 verticals, has a global presence in 100+ countries, employs over 1 million people, and, as of March 31, 2025, comprised 26 listed companies with a combined market capitalization of ₹27.8 trillion. Within financial services, the group has a strong presence through Tata Capital (lending), Tata AIA Life Insurance, Tata AIG General Insurance, and Tata Asset Management.

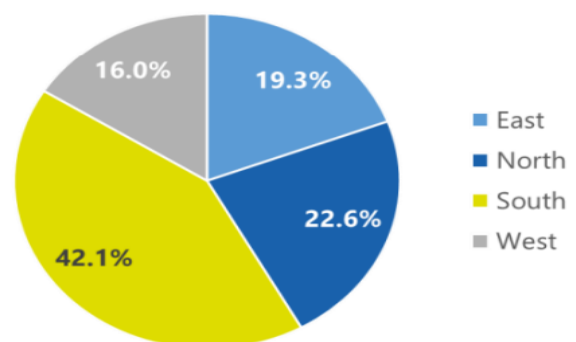
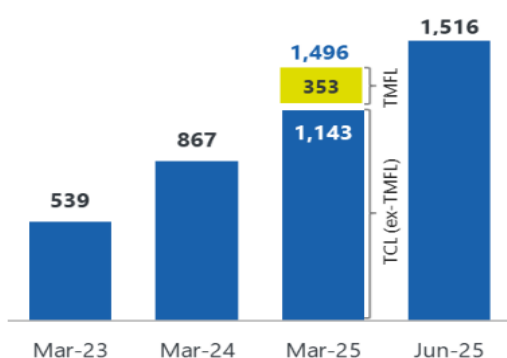
Third Largest Diversified NBFC in India

TATA Capital is the third-largest diversified NBFC in India based on Total Gross Loans of Rs. 2,334.0 billion as of June 30, 2025. Among large diversified NBFCs, they have the most comprehensive product portfolio, offering over 25 lending products. Their offerings cater to the financial needs of salaried and self-employed individuals, entrepreneurs, SMEs, and corporates, with loan ticket sizes ranging from as low as Rs. 10,000 to over Rs. 1 billion.

Omni-channel distribution model, comprising their pan-India branch network, partnerships

They have built an omni-channel distribution network which combines their pan-India branch network with an extensive network of external partners and digital platforms.

- **Branch network:**



Source: RHP

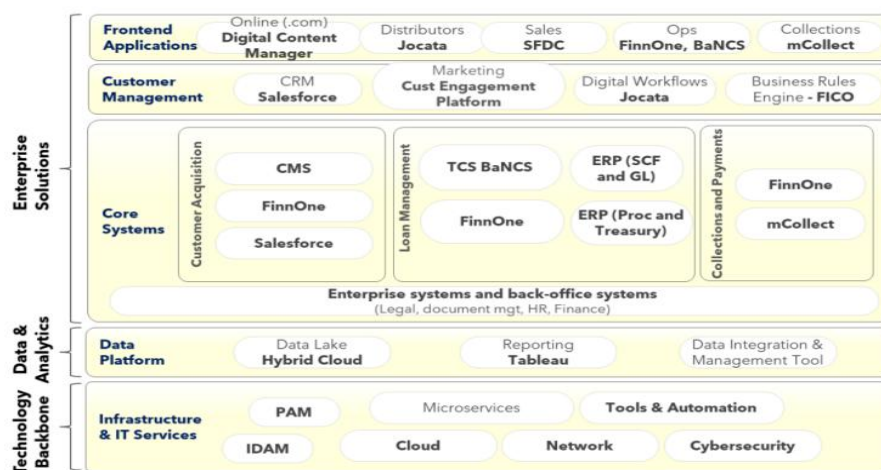
- **External partnerships:** Their branches are supported by an extensive network of external channels comprising over 30,000 DSAs, over 400 OEMs, over 8,000 dealers and over 60 digital sourcing partners with whom they have partnered, as at June 30, 2025.

Driving Business Outcomes Through Digital and Analytics

They have integrated technology across the entire customer lifecycle for all lending products in their three business verticals, including onboarding, underwriting, collections, customer servicing and cross-selling.

Key digital and analytics capabilities integrated into their platform include:

- **Loan origination and onboarding:** They have integrated advanced, data-driven capabilities with front-end, branch-led distribution model for improved customer engagement and onboarding across both assisted and self-service journeys. Their technology platform is integrated with APIs, enabling their systems to pre-fill data in loan applications, conduct KYC verification and undertake other credit checks in real-time, thereby simplifying the onboarding process. 97.8% and 97.1% of their customers were onboarded through digital platforms in FY25.
- **Underwriting and Collections:** Their comprehensive underwriting platforms integrate data inputs from demographics, credit bureaus, financial statements, bank statements, collateral valuations and data sources such as Account Aggregator, enabling them to efficiently assess their customers' creditworthiness. Additionally, they deploy data analytics, scorecards and business rule engines ("BREs"), enabling an efficient credit decision-making process. over 96% of their disbursements in Retail Finance were through scorecards or BREs. Their collections efforts are supported by a fully digital collection system that facilitates online payments through platforms such as UPI and e-NACH, as a result of which, 98.6% and 98.5% of their collections were through digital channels.
- **Customer service:** They have made significant investments in digital servicing capabilities across digital platforms, comprising their website, mobile apps, WhatsApp, GenAI-enabled email and chatbot, and IVR system. over 95% of customer requests and queries digitally and achieve Digital Service Adoption Rate (excluding erstwhile TMFL).



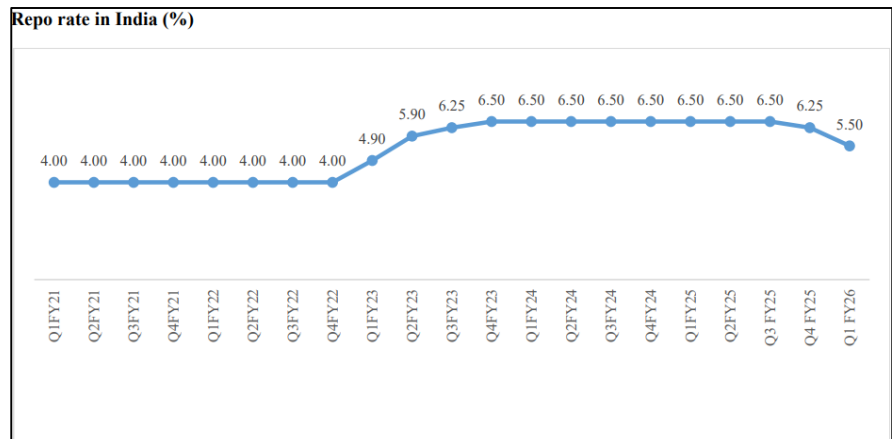
Note: CMS: Credit Management System, SFDC: Salesforce dot com; PAM: Privileged Access Management; IDAM: Identity and Access Management; FICO: Fair Issac Corporation; TCS: Tata Consultancy Services; ERP: Enterprise Resource Planning; SCF: Supply Chain Finance; GL: General Ledger; Proc: Procurement.

Source: RHP

Concerns / Risks

Volatility in Interest Rates

Interest rates are subject to fluctuations driven by factors beyond companies' control, including RBI monetary policy, regulatory changes, domestic and global economic and political conditions, and inflation. Such changes can impact earnings and key financial metrics, including Net Interest Income, Net Interest Margin, Cost-to-Income Ratio, Return on Assets, and Return on Equity.



Source: RHP

Non-Payment or Default by Customers

TCL is exposed to customer default risks, including delays or non-repayment of principal or interest. Defaults may arise from factors such as bankruptcy, operational or liquidity constraints, business downturns, unemployment, adverse economic conditions in India or globally, or unfavorable interest rate movements. A rise in delayed payments or customer defaults may also increase NPAs, reduce interest income, lower revenues, elevate credit costs, and result in higher collection and recovery expenses.

Dependence on Tata Brand Strength

Their rights to use the "Tata" word mark and logo are critical to the marketing of their products and to the strength of their brand, both in India and abroad. Under the Tata Brand Agreement, they are required to pay Tata Sons Private Limited an annual subscription fee of 0.25% of their annual net revenue, which may be reviewed and revised by Tata Sons from time to time. The agreement may be terminated by mutual consent or by Tata Sons with six months' written notice, including for breaches not rectified within 30 days of notification.

Regulatory Risks and Inspections

As an NBFC, they are primarily regulated by, and have reporting obligations to, the Reserve Bank of India (RBI). They comply with RBI guidelines on financial regulation of NBFCs, including capital adequacy, exposure limits, and other prudential norms. Under the NBFC Scale-Based Regulations, prior RBI approval is required for any change in management that results in more than a 30% change in directors, excluding independent directors.

Dependency on Third Parties

TATA Capital rely on the services of various external vendors and service providers, in compliance with applicable laws and RBI directives, to perform certain activities such as application processing (loan origination and financial products), document and data processing, back-office operations, cash collection, IT services, and related functions. Their vendors or service providers may, however, fail to meet their contractual obligations due to operational errors, fraudulent or negligent acts, inadequate data security, or other business disruptions, which could impact their operations.

Valuation and Recommendation

Tata Capital is the third-largest diversified NBFC in India, with total gross loans of Rs. 2,334 billion as of June 30, 2025, catering to a customer base of 7.3 million. Its clientele spans salaried and self-employed individuals, entrepreneurs, small businesses, SMEs, and corporates. The company operates through an omni-channel distribution model that integrates a nationwide branch network, a strong digital platform, and a robust partner ecosystem. As of June 30, 2025, Tata Capital had 1,516 branches across 27 states and union territories. The company's lending operations are diversified across three key segments — Retail (61.3%), SME (26.2%), and Corporate (12.5%) — complemented by non-lending businesses such as insurance distribution and credit cards. In May 2025, Tata Capital merged with Tata Motors Finance Limited (TMFL). Post-merger, TMFL made a significant contribution to Tata Capital's loan book, with Commercial Vehicle Loans accounting for 92.5% of TMFL's portfolio, followed by Car Loans (16.8%) and Supply Chain Finance (12.8%), thereby enhancing Tata Capital's presence in these segments.

Tata Capital's valuation appears fair when compared with peers such as Bajaj Finance, Shriram Finance, L&T Finance, HDB Financial, and Chola, which trade at an average P/BV multiple of around 4.1x FY25. While Tata Capital's profitability metrics (ROA/ROE of 1.5%/10.7%) are below the peer average (2.6%/16.6%) due to lower NIMs and the ongoing integration of TMFL, the company benefits from superior asset quality (GNPA/NNPA of 1.9%/0.8% vs. peer average of 3.0%/1.5%) and strong Tata Group parentage. Considering its improving growth visibility and stable credit performance, we believe Tata Capital merits a valuation of 3.8x FY25 P/BV, implying a moderate 10% discount to peers. Backed by its diversified portfolio, prudent risk management, and expected profitability improvement post-merger, we assign a **'Subscribe'** rating with a **long-term positive outlook**.

Listed Peers

FY25	Bajaj	Shriram	L&T	HDB	Chola	Avg.	TATA cap	TCL (excl TMFL)
Gross Loan Book (Rs Cr)	414830	259920	97,760	106,880	185,450	212,968	226,550	198,164
Loan CAGR FY23-FY25	29.7%	19%	10%	24%	32%	23%	37%	28%
Disbursements (Rs Cr)	-	-	60,305	66,108	100,869	75,761	142,302	128,164
Disbursement CAGR (FY23-FY25)	-	-	13%	21%	23%	19%	38%	31%
Yield	16.7%	17.8%	16.7%	14.6%	14.5%	16.1%	12.6%	12.2%
COF	7.6%	8.8%	7.1%	7.9%	8.1%	7.9%	7.8%	7.7%
Spread	9.1%	9.0%	9.6%	6.7%	6.4%	8.2%	4.8%	4.5%
Net Interest Margin	9.9%	9.6%	9.9%	7.8%	6.9%	8.8%	5.2%	5.1%
Cost/Income	33%	31%	40.1%	49.1%	39.7%	38.5%	42.1%	40.6%
ROA (post IPO)	4.5%	4.3%	3.0%	2.3%	2.6%	3.3%	1.5%	2.1%
ROE (post IPO)	19.2%	18.6%	10.8%	14.7%	19.7%	16.6%	10.7%	14.2%
GNPA	1.0%	4.5%	3.3%	2.3%	4.0%	3.0%	1.9%	1.5%
NNPA	0.4%	2.6%	1.0%	1.0%	2.6%	1.5%	0.8%	0.5%
P/BV Trailing (Post IPO)	6.3x	2.2x	2.5x	3.9x	5.7x	4.1x	3.8x	4.1x

Source: Company Data, NBRR

Financials

P&L (Rs. Crs)	FY23	FY24	FY25	FY25 (Excl TMFL)
Interest earned	11,911	16,366	25,720	21,495
Interest expended	6,601	9,568	15,030	12,598
NII	5,310	6,798	10,690	8,897
Non interest incom	1,727	1,832	2,650	2,072
Total income	7,037	8,630	13,340	10,969
Growth	0%	23%	55%	27%
Total Op. expenses	2,665	3,624	5,616	4,460
Growth	0%	36%	55%	23%
Staff costs	1,294	1,850	2,812	2,237
Other Op Exp	1,371	1,774	2,803	2,223
Profit before prov	4,372	5,006	7,725	6,509
Growth	0%	15%	54%	30%
Provisions	582	602	2,803	1,528
Exceptional	0	0	0	0
Profit before tax	3,790	4,404	4,921	4,981
Taxes	991	1,065	1,264	1,276
Net profit	2,799	3,339	3,658	3,705
Growth	0%	19%	10%	11%
Per Share Data	FY23	FY24	FY25	FY25 (Excl TMFL)
EPS (Diluted)	6.6	7.9	8.6	8.7
BVPS	49.2	63.2	72.3	76.3
BVPS (Post IPO)	-	-	85.8	80.3

Valuation Ratios	FY23	FY24	FY25	FY25 (Excl TMFL)
P/E	49.4	41.5	37.8	9.3
P/BV	6.6	5.2	4.5	4.3
P/BV (Post Issue)	-	-	3.8	4.1

Source: Company data, NBRR

Bal. Sheet (Rs. Crs)	FY23	FY24	FY25	FY25 (Excl TMFL)
Equity capital	3,507	3,703	3,762	3,762
Reserves & surplus	13,761	19,714	23,459	24,937
Net worth	17,268	23,417	27,221	28,700
Borrowings	115,532	149,900	211,064	181,641
Other liab and prov	652	775	968	921
Total liab and equity	133,453	174,093	239,253	211,262
Cash & Bank Balance	3,317	6,996	10,443	7,666
Investments	13,254	8,733	9,866	7,213
Net Advances	116,789	157,761	221,950	194,518
Growth	0%	35%	41%	23%
Other assets	93	604	-3,007	1,864
Total assets	133,453	174,093	239,253	211,262
Asset Quality	FY23	FY24	FY25	FY25 (Excl TMFL)
GNPA ratio	1.70%	1.50%	1.90%	1.50%
NNPA ratio	0.40%	0.40%	0.80%	0.50%
Credit Cost	0.48%	0.37%	1.24%	0.77%
Other Parameters	FY23	FY24	FY25	FY25 (Excl TMFL)
Gross Loan Portfolio	120,200	161,230	226,550	198,164
Growth	NA	34%	41%	23%
Yield on Advances	11.5%	11.9%	12.6%	12.2%
Cost of Borrowings	6.6%	6.7%	7.8%	7.7%
Spread	4.9%	5.2%	4.8%	4.5%
NIM	5.1%	5.0%	5.2%	5.1%
Tier 1	0.0%	16.8%	16.9%	N/A
Cost / Income Ratio	37.9%	42.0%	42.1%	40.7%
ROA (pre IPO)	2.9%	2.3%	1.8%	2.1%
ROE (pre IPO)	20.6%	15.5%	12.6%	14.2%
ROA (post IPO)	0.0%	0.0%	1.5%	1.7%
ROE (post IPO)	0.0%	0.0%	10.7%	10.4%

Disclosure:

Research Reports that are published by Nirmal Bang Securities Private Limited (hereinafter referred to as "NBSPL") are for private circulation only. NBSPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001766. NBSPL is also a registered Stock Broker with National Stock Exchange of India Limited, BSE Limited, Metropolitan Stock Exchange of India Limited, Multi Commodity Exchange of India Limited and , National Commodity and Derivative Exchange Limited in Capital Market , Equity and Commodities derivatives segments and Currency Derivatives Segment .

NBSPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBSPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market since last 20 years. NBSPL, its associates or analyst or his relatives do not hold any financial interest (Except Investment) in the subject company. NBSPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBSPL or its associates or Analyst or his relatives may or may not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBSPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBSPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company. NBSPL / analyst has not been engaged in market making activity of the subject company.

Analyst Certification: The research analysts and authors of these reports, hereby certify that the views expressed in this research report accurately reflects my/our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendation.

Disclaimer:

The Research Report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice. NBSPL is not soliciting any action based upon it. Nothing in the research report shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing the research report, we did not take into account the investment objectives, financial situation and particular needs of the reader.

The research report has been prepared for the general use of the clients of NBSPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in the research report in any way. Though disseminated to all the customers simultaneously, not all customers may receive the research report at the same time. NBSPL will not treat recipients as customers by virtue of their receiving the research report. The research report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBSPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBSPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in the research report. NBSPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of the research report should rely on their own investigations.

This information is subject to change without any prior notice. NBSPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBSPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of research report, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBSPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of the research report and/or further communication in relation to the research report. Here it may be noted that neither NBSPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in the research report.

Copyright of this document vests exclusively with NBSPL.

Our reports are also available on our website www.nirmalbang.com

Registration granted by SEBI and certification from NISM in no way guarantee performance of NBSPL or provide any assurance of returns to investors.

Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)

B-2, 301/302, Marathon Innova,
Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg
Lower Parel (W), Mumbai-400013
Board No. : 91 22 6723 8000/8001
Fax. : 022 6723 8010